

Division of Health Care Finance
Projected Reserve Calculation
Medical, Pharmacy, Dental and Vision
Projection as of October 2016

Plan Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Factors and Assumptions	Actuals										
Interest Rate on Reserves	0.2%	0.3%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Admin/Contract Fee Trend	0.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Medical cost trend rate	7.5%	5.0%	5.5%	5.5%	6.0%	6.0%	6.5%	6.5%	6.5%	6.5%	6.5%
Rx cost trend rate		10.0%	9.0%	8.0%	7.5%	7.0%	6.5%	6.5%	6.5%	6.5%	6.5%
Policy Choices	HCC Policy Choices by Aug 2014	HCC Policy Choices by July 2015	Future Policy Choices.....								
State Employer Contr. % incr. (eff. July 1)	-8.5%	0.0%	7.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Non-State Employer Contr. % incr. (eff. July 1)	0.0%	6.0%	7.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Contribution % Increase											
Active Employee Only	0.0%	36.7%	9.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spouse Only	0.0%	36.7%	30.4%	27.4%	27.4%	13.8%	4.4%	8.5%	8.5%	8.5%	8.4%
Retiree Rate Increase		21.30%	51.4%	2.7%	7.2%	8.1%	4.4%	6.4%	6.4%	6.4%	6.4%
Beginning Total Reserve Balance	194,666,302	124,938,539	44,719,534	35,570,781	39,744,610	53,370,214	63,442,146	74,619,963	83,064,484	88,337,605	89,926,155
Projected Cash Flow											
Total Employer Contributions	344,369,078	331,166,340	341,337,338	357,210,195	371,759,991	386,834,828	402,522,554	418,848,167	435,837,688	453,518,203	471,917,906
Total Participant Contributions	107,742,610	120,563,184	156,822,063	170,333,093	198,093,377	218,168,466	228,266,917	244,566,164	262,016,521	280,728,643	300,690,881
Total Contributions	452,111,688	451,729,523	498,159,401	527,543,288	569,853,368	605,003,294	630,789,471	663,414,331	697,854,209	734,246,846	772,608,787
Total Plan Expenses (Claims, ASO fees & contracted expenses)	522,197,896	532,327,776	507,531,751	523,636,239	556,525,849	595,331,638	620,087,469	655,529,460	693,204,072	733,320,828	775,832,307
Interest on Reserves	358,445	379,248	223,598	266,781	298,085	400,277	475,816	559,650	622,984	662,532	674,446
Net Cash Flow	(69,727,763)	(80,219,005)	(9,148,753)	4,173,829	13,625,604	10,071,932	11,177,818	8,444,521	5,273,121	1,588,550	(2,549,074)
Projected Reserve Balance											
Reserve Ending Balance	124,938,539	44,719,534	35,570,781	39,744,610	53,370,214	63,442,146	74,619,963	83,064,484	88,337,605	89,926,155	87,377,082
Target Reserve	57,993,089	58,779,468	55,392,286	57,297,080	60,786,318	65,548,897	68,470,999	72,767,540	77,338,733	82,210,944	87,377,081
IBNR Claim Reserve	33,477,922	33,911,232	31,957,088	33,056,008	35,069,030	37,816,672	39,502,500	41,981,273	44,618,500	47,429,391	50,409,855
Claim Fluctuation Reserve	24,515,167	24,868,236	23,435,198	24,241,072	25,717,289	27,732,226	28,968,500	30,786,267	32,720,233	34,781,553	36,967,227